

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of Lifeline and Link Up Reform and)
Modernization)
)
)

WC Docket No. 11-42

**TRACFONE WIRELESS, INC.'S FIRST SUPPLEMENT TO APPLICATION TO
PARTICIPATE IN THE BROADBAND ADOPTION LIFELINE PILOT PROGRAM**

On July 2, 2012, TracFone Wireless, Inc. ("TracFone") submitted an application ("Application") to participate in the Broadband Adoption Lifeline Pilot Program ("Pilot Program") in response to the Public Notice issued by the Commission's Wireline Competition Bureau in the above-captioned proceeding.¹ TracFone's Application focused on providing existing Lifeline customers with a handset that can use broadband services. By this filing, TracFone provides the Commission with supplemental information regarding certain aspects of its Application in response to questions from Commission Staff.²

(B) A full description of the proposed pilot project(s), including but not limited to:

- 1. The geographic area(s) in which the ETC will offer the broadband plan(s) for their project(s), census data on the income levels of the residents of the specified geographic area(s) (census tracts, blocks or zip codes), and whether the geographic area(s) will cover Tribal lands;**

As TracFone described in its Application, TracFone will offer its broadband plan to a random sample of 25,000 current SafeLink Wireless® Lifeline customers within five states: Florida, Maryland, Texas, Washington, and Wisconsin. TracFone is focusing on these five states

¹ Public Notice – Wireline Competition Bureau Announces Application Procedures and Deadline for Applications to participate in the Broadband Adoption Lifeline Pilot Program, WC Docket No. 11-42, DA 12-683 (April 30, 2012) ("Notice").

² During a teleconference on August 6, 2012, Commission Staff requested that TracFone provide additional information regarding its Application. TracFone filed a Notice of Ex Parte Presentation with the Commission on August 6, 2012 in accordance with 47 C.F.R. § 1.1206. In this Supplement, TracFone refers to the application requirements as set forth in the Notice and as addressed in TracFone's Application filed on July 2, 2012.

because in each of these states TracFone has access to a state database that enables TracFone to confirm whether each customer is a participant in a low-income assistance program that qualifies him or her for Lifeline benefits. TracFone's ability to use state databases to confirm eligibility for Lifeline provides assurances that applicants are qualified to receive Lifeline benefits, thereby reducing the opportunity for waste, fraud, and abuse of Universal Service Fund resources.

In the Application, TracFone explained that it will randomly select 5,000 customers from each of the five chosen states to participate in the Pilot Program. TracFone further stated in its Application that it would offer five different plans during the Pilot Program with one plan being used in each of the five states. By this Supplement, TracFone advises the Commission that it will not offer one plan per state. Instead, TracFone will divide each state into five separate geographical areas defined by cities and/or counties. TracFone will then randomly select 1,000 customers from each of the five defined geographical areas in each state to participate in the Pilot Program. TracFone will offer one of its five plans in each of the five geographical areas. By dividing each of the participating states into five geographical areas, TracFone will be able to track how customers within a state respond to each of its five plans.

- 4. The amount of the monthly discount, if any, the ETC is seeking for each broadband plan included within the proposed project and the resulting cost to subscribers for the broadband service, the duration of the monthly subsidies the ETC is seeking, and all other terms and conditions of service (the ETC must provide specific details of all of the subsidized broadband offerings it intends to offer subscribers in the pilot project, including the different options of bundled services and/or standalone broadband and offerings with different usage limits or speed);**

TracFone described five different service plans in its Application consisting of four test plans and one control plan. Although the price per month to consumers differs for the plans, TracFone identifies in this Supplement the terms and conditions common to each of the plans as follows:

- Customers wishing to participate in the Lifeline broadband program must complete and return the application as proof of participation.
- Customers wishing to participate in the Lifeline broadband program must agree to participate in a follow-up survey.
- The term of each plan will not exceed one year.
- The plans will include bundled services each month consisting of unlimited voice, unlimited texts, and 2GB of data.
- TracFone provides data service consistent with the data service practices of the underlying carrier serving a particular customer. Each of TracFone's underlying carriers has a different practice regarding data limits. Upon reaching the 2GB data limit in a given month, AT&T will throttle data speeds to 128K and Verizon Wireless will throttle data speeds to 200K. Neither AT&T nor Verizon Wireless will suspend data service when a user reaches the 2GB data limit. Sprint and T-Mobile do not throttle data speeds. However, Sprint will suspend data service when a user's data usage reaches 10GB in a given month and T-Mobile will suspend data service when a user's data usage reaches 5GB in a given month.
- At the completion of the Lifeline broadband program, all participants will keep their Android data handsets (which they either received for free or for a discounted price) and may use them for data services at TracFone's non-Lifeline data rates. TracFone will also provide participants with new handsets to be used for Lifeline service. TracFone will transfer the participants' monthly Lifeline benefits to the new handsets.

TracFone will provide information about its Lifeline broadband program in a direct mail piece that will be sent to each of the randomly-selected customers. The direct mail piece will include a cover letter to introduce the offer and an application that includes a questionnaire and terms of the program. All documents in the direct mail piece will be printed in English and Spanish. A sample cover letter and application are provided as Attachment B-4. The sample cover letter relates to the test plan that includes a free phone and free monthly service. TracFone will send a similar letter and application to each test group, revised to reflect the terms of the applicable plan (i.e., the price of the phone and monthly service).

7. The project's proposed overall funding amount with details on the number of customers it is estimated to serve, with underlying assumptions;

In its Application, TracFone stated that it will target 25,000 existing SafeLink Wireless® Lifeline customers in five states, i.e., 5,000 customers per state. TracFone also included an assumption that a maximum of ten percent of the 25,000 targeted customers will accept TracFone's Lifeline broadband offer. By this Supplement, TracFone revises its assumptions regarding the take rate for each of the five broadband service plans based on the costs of each plan. Therefore, based on its revised assumptions regarding the take rate for each broadband service plan, TracFone is looking to provide service to approximately 5,550 customers during the Pilot Program. The estimated take rate for each service plan and proposed funding amount is detailed below. The proposed funding amount also includes a sixth study group that incorporates digital literacy training. The digital literacy training test group is described in the supplemental response to Question C.1.

- A. Free Phone, Free Service (50% take rate): $2,500 \text{ customers} \times \$45 = \$112,500$
 $\times 12 \text{ months} = \$1,350,000$.
- B. Free Phone, Discounted Service (30% take rate): $1,500 \text{ customers} \times \$35 =$
 $\$52,500 \times 12 \text{ months} = \$630,000$.
- C. Discounted Phone, Free Service (20% take rate): $1,000 \text{ customers} \times \$45 =$
 $\$45,000 \times 12 \text{ months} = \$540,000$.
- D. Discounted Phone, Discounted Service (10% take rate): $500 \text{ customers} \times \$35 =$
 $\$17,500 \times 12 \text{ months} = \$210,000$.
- E. Free Phone, Free Service with Digital Literacy Training: $300 \text{ customers} \times \$45 =$
 $\$13,500 \times 12 \text{ months} = \$162,000$.
- F. Control Group - Discounted Phone, Paid Service (1% take rate): $50 \text{ customers} \times$
 $\$0 = \$0 \times 12 \text{ months} = \0 .

TOTAL: \$2,892,000

TracFone will only charge USAC for customers' monthly service.³ TracFone will not bill USAC for providing service to the control group, since participants in the control group receive TracFone's non-Lifeline retail offer that any customer can purchase.

- 8. A description of how the ETC will market the broadband service offering(s) to low-income consumers (e.g., outreach to existing Lifeline voice subscribers, advertising in newspapers/radio, outreach through community-based organizations), the language(s) in which the ETC will market the service and copies of sample marketing materials if available; and**

In its Application, TracFone stated that it will market its broadband service to existing SafeLink Wireless® Lifeline customers by using direct mail, SMS and/or email. By this Supplement, TracFone clarifies that it will primarily rely on direct mail to market its Lifeline broadband program to existing Lifeline customers. The content of the direct mail piece is described in response to Question B.4.

- (C) A detailed explanation of how the ETC's project will address barriers to broadband adoption other than cost, including but not limited to:**

- 1. Whether the ETC's project will provide digital literacy training and what form that will take;**

TracFone explained in its Application that it has been in discussions with Open Air Boston regarding the Tech Goes Home program (<http://www.techgoeshome.org>), which provides digital literacy training for families in Rhode Island, Boston and New York City. TracFone and Open Air Boston have reached an agreement under which Open Air Boston will provide digital literacy training to 300 TracFone Lifeline customers in Boston, Massachusetts. After the customers attend the training, TracFone will provide each participant with a free Android data handset and free monthly service for 12 months.

³ The broadband service plan proposed in this application is solely for purposes of the Pilot Program. TracFone has no plans at this time to offer a broadband service plan that includes a free handset on a long term basis.

(E) A detailed explanation of the design, data gathering and evaluation component of the project, including:

- 1. All details regarding the design of the project(s), which include: (a) the planning, execution and analysis of the field experiment with control groups, if applicable; (b) explanation of how the proposed project(s) will inform the Commission concerning the causal impact of the variations on broadband service; (c) if applicable, how the project(s) will apply randomization, i.e. the process of randomly determining how consumers are assigned into control groups; (d) how the project(s) will mitigate any sources of statistical bias, if designed as a field experiment; and (e) how it will obtain sufficient sample size; and**

In its Application, TracFone explained that it will choose a total of 25,000 existing SafeLink Wireless® Lifeline customers to target -- 5,000 from each of the five states chosen for the Pilot Program. TracFone further stated that each state will be a different test group, with different test criteria. As described in the supplemental response to Question B, TracFone has changed the structure of its proposed program. TracFone will not have each state be a separate test group with one of TracFone's five plans being offered in each state. Instead, TracFone will divide each state into five separate geographical areas defined by cities and/or counties and offer each of its plans to 1,000 customers from each of the five defined geographic areas. In addition, TracFone will have a sixth study group that includes digital literacy training.

- 2. Details of how the ETC plans to collect the standardized data that must be submitted to USAC, as described in Appendix, including whether the ETC will seek to have USAC collect that data;**

In its Application, TracFone stated that as part of the participation criteria, TracFone will send a questionnaire to all targeted customers and will contact all customers who participate in the program to complete a follow-up survey six months after commencing the Pilot Program. A copy of the initial questionnaire is provided as Attachment B-4. TracFone clarifies that customers wishing to participate in TracFone's Lifeline broadband program must complete the initial questionnaire which requests the data described in the Appendix to the Notice. In

addition, customers wishing to participate in the Lifeline broadband program must agree to participate in a follow-up survey.

- (F) **A detailed explanation of how the ETC will comply with the Commission's new rules relating to determinations of subscriber eligibility for Lifeline-supported services by applying all of the consumer eligibility and enrollment procedures as detailed in section VI and Appendix C of the Lifeline Reform Order and FNPRM, and a copy of the ETC's certification form for enrollment that will be used during the Pilot Program;**

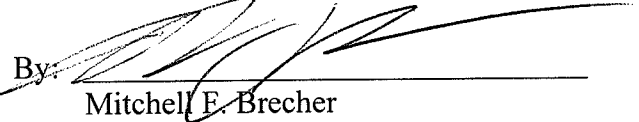
As TracFone stated in its Application, it will be targeting existing SafeLink Wireless® Lifeline customers. By this Supplement, TracFone clarifies that it will only be targeting existing SafeLink Wireless® Lifeline customers who applied for Lifeline service on or after June 1, 2012, the effective date of the FCC's certification rules set forth in the Lifeline Reform Order. Therefore, TracFone will have for each potential participant in TracFone's Lifeline broadband program a signed certification form that complies with Appendix C of the Lifeline Reform Order. As such, TracFone will not be asking its existing customers to complete additional certification forms. A sample of the certification form that TracFone has been using since June 1, 2012 is provided as Attachment F.

CONCLUSION

Based on the information provided in the Application and this First Supplement to the Application, TracFone respectfully asks the Commission to approve TracFone as a participant in the Broadband Pilot Program.

Respectfully submitted,

TRACFONE WIRELESS, INC.

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Its Attorneys

August 27, 2012

Attachment B-4

SafeLink[®] WIRELESS[®]

The Free Cell Phone & Minutes Program



Dear SafeLink Customer:

You are invited to participate in a yearlong Internet test provided by SafeLink Wireless. We will give you free Internet service for e-mailing, web browsing and more, all from a new Android cell phone that will be sent to you.

Here's what you need to do to get started with this free program.

1. **Complete/Fill** out the enclosed application
2. **Sign/Date** the application
3. **Return/Mail** back the application to SafeLink Wireless

This free Internet program will be provided to a limited number of customers. Please send back your application as soon as possible to guarantee your participation. Once you are enrolled, we will send you your new Android cell phone in the mail with instructions to get started.

Thank you for your participation and we look forward to providing you another great service from the SafeLink Wireless family.

Sincerely,

The SafeLink Team



THE SAFELINK BROADBAND PROGRAM APPLICATION

John Q. Sample
12345 Main Street
City, ST 97222-2222
|||||

Enrollment ID

Project Code Identifier

Please answer the questions below. Sign, date and mail back this form in the enclosed prepaid envelope.

What is your age: _____

Number of Household members who will be using the subsidized service:

Ages of household members: _____

In 2011, what was this household's total income before taxes?

- | | |
|--|--|
| <input type="checkbox"/> Less than \$5,000 | <input type="checkbox"/> \$20,001-\$30,000 |
| <input type="checkbox"/> \$5000-\$9999 | <input type="checkbox"/> \$30,001 or more |
| <input type="checkbox"/> \$10,000-\$20,000 | <input type="checkbox"/> Not Determined |

Equipment expected to be used with broadband service:

(Can choose more than one response)

- ☐ Desktop Computer
- ☐ Laptop/netbook computer
- ☐ Tablet
- ☐ Mobile device (smartphone)
- ☐ Mobile broadband modem (aircard)

Reason(s) for use of Internet

(Can choose more than one response)

- ☐ Want to stay in touch with family and friends
- ☐ Children need it for school
- ☐ Subscriber needs it for school
- ☐ Want to access music
- ☐ Movies and other entertainment
- ☐ Children want internet access
- ☐ Get health care or medical information
- ☐ Job required online access
- ☐ Need it for job searches
- ☐ Want to share photos or videos with family and friends
- ☐ Internet provider oered a good price for the service
- ☐ Use for daily activities (e.g. check bus schedule)
- ☐ Other (specify) _____

Do you subscribe to broadband currently?

- ☐ Yes
- ☐ No

Have you subscribed to broadband in the past?

- ☐ Never
- ☐ Within last 3 months
- ☐ Within last 6 months
- ☐ Within last 12 months
- ☐ More than 12 months ago

If you previously subscribed to broadband, but dropped service, reason for dropping:

(Can choose more than one response, Answer NA if previous answer is "Never")

- ☐ Monthly cost too expensive
- ☐ Didn't use service
- ☐ The equipment no longer worked
- ☐ Don't know how to use computer/Internet
- ☐ Uncomfortable with Internet (e.g. privacy concerns, dangerous for children)
- ☐ Happy with dial-up
- ☐ Could access Internet elsewhere
- ☐ NA

Reasons for not previously obtaining broadband:

(Can choose more than one response)

- ☐ Monthly cost too expensive
- ☐ Didn't use service
- ☐ Don't know how to use computer/Internet
- ☐ Uncomfortable with Internet (e.g. privacy concerns, dangerous for children)
- ☐ Happy with dial-up
- ☐ Could access Internet elsewhere
- ☐ Other (specify) _____

Terms: You will receive unlimited voice, unlimited text and 2 GB of data for up to 12 months. Periodically we will need to contact you to gather information about your data usage. All of your information will be used anonymously.

YES, I'd like to participate in this program!

Signature: _____

Date: _____

Attachment F



FULL CERTIFICATION APPLICATION FOR WASHINGTON LIFELINE ASSISTANCE PROGRAM

SECTION 1

Provide only correct personal information. It will be validated against Public Records, any discrepancies will result in Rejection of service.

Qualifying Address

Mailing Address (if different from your Qualifying Address)

Address/Apt. No.

City

State

Zip code

*First Name

MI

*Last Name

Select if address is temporary: ☐

*Birth Date (Month/Day/Year)

*Last Four Digits of SSN

DSHS Client ID (9 Digits)

* Provide only correct personal information. It will be validated against Public Records.

Contact Phone Number

Email Address

Plan Features

Choose your plan (check one)

Local Calls

National Long Distance

Voice Mail

Nationwide Text

Roaming at no Additional Cost

Free 911

411 Directory Assistance at no Additional Cost

Carry-Over Minutes from Month to Month

100+ International Long Distance Destinations*



68
FREE
Monthly
minutes



125
FREE
Monthly
minutes



250
FREE
Monthly
minutes



(0.3 minutes per text)

(1 minute per text)

(1 minute per text)



* List of destinations available at www.SafeLink.com

** If you choose this plan, your unused minutes will be removed/wiped out and will not carry-over on your next monthly minutes delivery. However, if you purchase and redeem additional minutes cards, all unused minutes will carry over for three consecutive months.

SECTION 2

Select ONE of the two options below (Proof of eligibility MUST be submitted for either option, name and address must match applicant).

Qualify by certifying you belong to ONE of the programs listed below, programs with (*) DO NOT require proof. Remaining programs require an award letter from SSA or state agency stating that you receive the benefit, or a similar official document. **Provide Copies ONLY**

- ☐ Community Options Program Entry System (COPES)*
☐ Disability Lifeline (formerly General Assistance)*
☐ DSHS Chore Service*
☐ Medical Assistance (Medicaid)*
☐ Refugee Assistance*
☐ State Family Assistance (SFA)*
☐ Supplemental Nutrition Assistance Program (SNAP) Food Stamps*
☐ Supplemental Security Income (SSI)*
☐ Temporary Assistance for Needy Families (TANF)*
☐ Federal Public Housing Assistance (Section 8)
☐ Low-Income Home Energy Assistance Program (LIHEAP)
☐ National School Lunch Program's free lunch program

* Programs are validated by a state agency (No Proof required)

OPTION 2

Qualify by checking the number of people in your family and your monthly income, attach proof of income such as last year's Federal or State Income Tax return, a Social Security statement of benefit, a letter from your employer, pay stubs from 3 consecutive months, an Unemployment or Workmen's Compensation statement of benefits, a Retirement/Pension statement of benefits or a divorce decree, child support award, or other official document containing income information. **Provide Copies ONLY**

Persons in Family or Household	
1	<input type="checkbox"/>
2	<input type="checkbox"/>
3	<input type="checkbox"/>
4	<input type="checkbox"/>
5	<input type="checkbox"/>
6	<input type="checkbox"/>
7	<input type="checkbox"/>
8	<input type="checkbox"/>
For each additional person, add:	

Annual Income	Monthly Income	
\$15,080	\$1,257	<input type="checkbox"/>
\$20,426	\$1,702	<input type="checkbox"/>
\$25,772	\$2,148	<input type="checkbox"/>
\$31,118	\$2,593	<input type="checkbox"/>
\$36,464	\$3,039	<input type="checkbox"/>
\$41,810	\$3,484	<input type="checkbox"/>
\$47,156	\$3,930	<input type="checkbox"/>
\$52,502	\$4,375	<input type="checkbox"/>
\$5,346	\$446	<input type="checkbox"/>

SafeLink® is a Lifeline supported service. Lifeline is a federal benefit, and only eligible subscribers may enroll. Customers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

Lifeline is available for only one line per household. A household is defined as any individual or group of individuals who live together at the same address and share income and expenses. A household is not permitted to receive Lifeline benefits from multiple providers. Violation of the one-per-household rule constitutes a violation of FCC rules, and will result in the Customer's disenrollment from Lifeline. Lifeline is a non-transferable benefit, and a Customer may not transfer his or her benefit to another person.

☐ Check this box if you would like to receive pre-recorded special offers and promotional offers from TracFone at the Contact Telephone number provided above.

☐ REFERRED BY A FRIEND:

Customer's First Name

Customer's Last Name

SafeLink Phone Number

SECTION 3

▶ You MUST check off (✓) all statements, then Sign and Date application. (Your application cannot be approved without these items)

I certify under penalty of perjury to each of the following:

Boxes MUST be checked off

- ▶ ☐ I participate in the above designated qualifying program OR have income at or below the level specified above.
▶ ☐ I understand that I must notify SafeLink® within 30 days if I no longer participate in the qualifying program or meet the income eligibility threshold, if I or another member of my household obtains Lifeline supported service from another carrier, or, for any other reason, I no longer qualify for Lifeline support.
▶ ☐ I understand I may be required to recertify my continued eligibility for Lifeline at any time, and failure to do so will result in termination of my Lifeline benefits.
▶ ☐ If I change my address, I will provide my new address to SafeLink® within 30 days.
▶ ☐ My household will receive only one Lifeline benefit and to the best of my knowledge, my household is not already receiving a Lifeline service.
▶ ☐ The information contained in this application is true and accurate to the best of my knowledge, and I acknowledge that providing false or fraudulent information to obtain Lifeline benefits is punishable by law.
▶ ☐ I agree to cancel my current service or Washington Telephone Assistance Program service in favor of SafeLink Wireless® prior to applying for the Lifeline service.

I authorize Safelink Wireless® or its duly appointed representative to: (1) access any records required to verify my statements herein; (2) to confirm my continued eligibility for Lifeline assistance; (3) to update my address to a proper mailing address format; (4) to provide my name, telephone number, and address to the Universal Service Administrative Company (USAC) (the administrator of the program) and/or its agents for the purpose of verifying that I do not receive more than one Lifeline benefit; and (5) I authorize DSHS to disclose or give access to confidential information about me for one year from the date of this application for the purpose of determining my eligibility for Lifeline assistance.

By signing below, I separately affirm and agree to each of the above statements.



Applicant Signature



Date

For questions please call 1-800-SafeLink (1-800-723-3546)

Fax application to: 1-866-902-5756

Promo Code:

Mail application to: SafeLink Wireless® • PO Box 220009 • Milwaukie, OR 97269-0009